

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-07 CIAE-00 PM-04 INR-07 L-03
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TRSE-00 COME-00 FRB-03 DODE-00 /069 R

DRAFTED BY EUR/RPE: JPOLANSKY:AE
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EB/EWT: HKOPP
L/EB: JCROOK
EUR/SOV: WEDGAR
EUR/EE: CSCHMIDT
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EUR/RPE: DHWARTZ

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FM SECSTATE WASHDC
TO USMISSION NATO PRIORITY

S E C R E T STATE 111964

E.O. 11652: GDS

TAGS:MPOL, PFOR, EGEN, EEWT, NATO

SUBJECT:ECONADS: REVIEW OF ECONOMIC ASPECTS OF "INVENTORY
OF PREVENTIVE MEASURES" CM (72) 3

REF: A. USNATO 2383 B. USNATO 2751

1. USG OFFICES HAVE REVIEWED THE ECONOMIC SECTION OF C-M
(72) 3. WHILE MANY OF THE LISTED MEASURES WOULD BE COSTLY
TO INVOKE AND OF DOUBTFUL VALUE, AT LEAST INDIVIDUALLY, IN
INFLUENCING SOVIET BEHAVIOR, THERE WOULD PROBABLY BE ULTI-
MATE LEGISLATIVE AUTHORITY FOR THEM ALL UNDER EXISTING US
LEGISLATION, INCLUDING SECTION 5 (B) OF THE TRADING WITH THE
ENEMY ACT OF 1917. THIS LAW, WHICH CAN BE APPLIED EXTRA-

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TERRITORIALY, AUTHORIZES THE PRESIDENT TO REGULATE OR
PROHIBIT, IN TIME OF WAR OR NATIONAL EMERGENCY, ALL MANNER
OF TRANSACTIONS (WHETHER IN TRADE, FINANCE OR TRANSPORTATION)
BETWEEN AMERICAN AND FOREIGN PERSONS, OR INVOLVING PROPERTY
IN WHICH FOREIGN COUNTRIES OR NATIONALS HAVE AN INTEREST.
REVISION OF 5 (B) IS CURRENTLY BEING CONSIDERED BY CONGRESS
AND SOME CHANGE IS EXPECTED. HOWEVER, FORESEEABLE AMEND-

MENTS ARE NOT LIKELY TO REDUCE SUBSTANTIALLY THE ADMINIS-
TRATION'S ABILITY TO IMPLEMENT ECONOMIC MEASURES IN RESPONSE

TO THREATENING BEHAVIOR.

2. WE CONCUR WITH DIRECTORATE SUGGESTIONS FOR MODIFYING
MEASURES 2 (F) AND 2 (E) (PARA 2 AND 3 REFTTEL A). WE ALSO
CONCUR WITH FRG RECOMMENDATIONS (PARA 1 REFTTEL B) FOR
RETENTION OF MEASURES 2 (E) AND 2 (F) UNDER SECTION 2.

3. WHILE RECOGNIZING THE PROBLEM FLAGGED BY MISSION IN
PARA 4 REFTTEL A (I.E. COCOM INCLUDES NON-NATO MEMBER,
JAPAN) WE BELIEVE 2 (E) AND (F) ARE SEPARATE AND DISTINCT
MEASURES. WE RECOMMEND ALTERNATE LANGUAGE FOR 2 (E) SUCH
AS QUOTE COORDINATE COCOM EXPANSION OF STRATEGIC TRADE
CONTROLS UNQUOTE.

4. FINALLY, WE WOULD RECOMMEND THE FOLLOWING MODIFICATIONS:

A. EXPAND MEASURE 1 (D) TO READ QUOTE STRICT ENFORCEMENT
OF QUOTAS AND OTHER CONDITIONS IN TRADE, COMMERCE, FISHING,
SHIPPING AND AIR AGREEMENTS."

B. ADD UNDER 2. ADDITIONAL MEASURES GOING BEYOND WARNING
QUOTE RESTRICTIVE ACTION AGAINST WARSAW PACT OWNED OR
CONTROLLED FIRMS IN ALLIANCE COUNTRIES (E.G. DENIAL OF
VISAS TO BLOC NATIONAL EMPLOYEES OF THESE FIRMS, RESTRIC-
TION OF BUSINESS FACILITIES, ETC.). CHRISTOPHER

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FM SECSTATE WASHDC

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AMEMBASSY PARIS

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FOLLOWING TEL SENT ACTION NATO FROM SECSTATE MAY 16:

QUOTE S E C R E T STATE 111964

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TION OF BUSINESS FACILITIES, ETC.). CHRISTOPHER UNQUOTE
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Disposition Approved on Date:
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